



Audit and Compliance Committee Charter

Objectives

Assisting the Council Board Members and the Council to discharge their responsibilities to the Minister for Health and Ageing through ensuring that due care and diligence is applied to:

- the objectivity and reliability of PHIAC's published financial information
- the internal control systems of PHIAC
- the financial management processes adopted by PHIAC
- the processes for identifying, monitoring and controlling business risk
- the monitoring of and undertaking reviews of any matters which the PHIAC Board refers to the Committee

Composition

Section 6A of the *Commonwealth Authorities and Companies Regulations 1997* commencing 1 January 2009 stipulate:

6A Audit committees for Commonwealth authorities (Act, s32)

(1) For subsection 32 (2) of the Act, the audit committee of a Commonwealth authority is to be constituted as follows:

(a) the chair of the committee must be a person other than:

- (i) the chair of the authority; or
- (ii) an executive director of the authority;

(b) the committee:

- (i) must be made up of at least 3 persons; and
- (ii) may include only 1 person who is an executive director of the authority;

and

- (iii) must not include senior managers or employees of the authority other than the executive director mentioned in subparagraph (ii).

(2) To avoid doubt, a committee may include persons who are not directors of the authority.

Note The chair of the committee may, for example, be a non-executive director (other than the chair of the authority) or an external appointee of the authority.

(3) The quorum for meetings of the committee is:

- (a) 2 persons; or
- (b) if the majority of the committee is greater than 2 persons - that number of persons.

In attendance at each PHIAC Audit and Compliance Committee meeting are the:

- Chief Executive Officer
- Chief Financial Officer
- Committee Secretary

The Committee will comprise all members of the Council Board, with the exception of the Commissioner. The Commissioner may attend meetings as an observer.

From time to time other employees and the external auditor may be required to attend the meeting.

Members shall be appointed to the Committee for an initial period not exceeding 3 years after which they will be eligible for reappointment. The Chairperson will be appointed annually by the Council Board.

A quorum for the meeting will be two members of the Committee.

Powers and Responsibilities

The Audit and Compliance Committee is a sub-committee of the Council Board.

The Committee has no executive powers or decision making authority in relation to the operations of PHIAC. Its function is an oversight and review role.

The Committee has the authority to request any information it requires from PHIAC and its employees. The Committee will provide an independent link between the external auditors, the Board and the Executive. It may discuss any matter it deems appropriate with the external auditors.

The Committee will regularly report its findings to the Council Board by providing a copy of the minutes to the Board. Annually it will provide a report to the Board on its operations, activities and obligations under this Charter.

Functions of the Committee

In order to meet its objectives the functions of the Committee may include:

Review of the Financial Information

- review the accounting policies and disclosures in the annual accounts and annual report of PHIAC prior to release by the Council Board.

Internal Controls Systems and Financial Management Processes

- satisfy itself that the system of internal management and accounting controls are operating effectively
- satisfy itself that management information systems are operating effectively
- provide an independent link between PHIAC and the external auditors
- review the external auditors annual audit plan to ensure it addresses all significant business risks
- consider all external audit reports and follow up implementation of recommendations
- review PHIAC's annual budgeting process prior to approval by the Board
- review the results of internal self assessment processes that PHIAC management may conduct from time to time.

Risk Management

- review the process for identifying and monitoring business risks
- regularly review PHIAC's risk management plan to ensure it deals with areas of greatest business risk and remains current.

Compliance Matters

- review the processes for identifying the legislative provisions and corporate governance practices which impact the operations of PHIAC and its Board (including the CAC Act)
- regularly review PHIAC's processes for ensuring compliance with the above
- advise the Council Board of any significant breaches of which the Committee becomes aware
- review the arrangements for audit of private health insurers

Meetings and Agendas

The Committee will meet at least four times a year or more frequently if required.

Standing Agenda items for each meeting might include:

1. Confirmation of Minutes of Previous Meeting
2. Matters Arising from Previous Minutes.
3. Report from Management will include:
 - Significant financial and risk issues
 - Significant internal control issues or breakdowns during the quarter
 - Compliance with Risk Management Plan
 - Compliance Issues
 - Any correspondence from External Auditor

Meeting agendas will need to be determined but items for specific quarterly meetings might be:

March	Meeting with external auditor to discuss scope of audit and any issues or concerns for 30 June audit Risk Management Plan. Review of next year's Budget before submission to Council.
June	Review any changes to accounting policies to impact annual accounts. Compliance matters.
September	Report from External Auditor (in attendance). Review of annual accounts Review of CAC Act annual report.

November Management to present follow up plan for any matters or control reports arising from audit.
Review of s264-15 annual report

This revision of the Charter was endorsed by the Audit and Compliance Committee on 27 June 2008.